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1991/12/24

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Date Printed: 01/24/1997

DOC NUMBER: 91.GUANGZ07842

CHANNEL: n/a

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LAB-04 L-03 ADS-00 NSAE-00 NSCE-00 OIC-02 OMB-01
PA-01 PM-01 PRS-01 P-01 RP-10 SIL-01 SNP-01
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P 240426Z DEC 91
FM AMCONSUL GUANGZHOU
TO SECSTATE WASHDC PRIORITY 3146
US CUSTOMS SERVICE PRIORITY
INFO AMEMBASSY BEIJING
AMCONSUL SHANGHAI
AMCONSUL SHENYANG
AMCONSUL HONG KONG
AIT TAIPEI 1513

DEPARTMENT OF STATE IM/IPS/CR/TR 3/19/97
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CUSTOMS FOR OFFICE OF FOREIGN OPERATIONS

HONG KONG ALSO FOR SCR THOMAS GRAY

BEIJING PLEASE PASS CHENGDU

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TAGS: PGOV, ELAB, PHUM, ETRD, CH
SUBJECT: OUR INVESTIGATION INDICATES "YINGDE"
BRAND TEA IS NOT PRODUCED BY PRISON LABOR

REF: A) GUANGZHOU 07681 (NOTAL)
B) GUANGZHOU 01143 (NOTAL)

SUMMARY OF WHAT WE SAW IN YINGDE

1. SUMMARY. DURING A VISIT TO YINGDE COUNTY
(GUANGDONG PROVINCE) LAST WEEK, WE WERE UNABLE TO FIND
ANY EVIDENCE TO SUGGEST "YINGDE" BRAND TEA OR ANY OTHER
TEA PROCESSED AND EXPORTED BY THE LOCAL BRANCH OF THE
OFFICIAL TEA IMPORT EXPORT CORPORATION IS PRODUCED BY

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PRISON LABOR. WE DID RECEIVE FURTHER CONFIRMATION THE RED STAR TEA FARM IS A FORCED LABOR CAMP. THIS FARM, HOWEVER, IS ONLY AUTHORIZED TO PRODUCE TEA FOR DOMESTIC CONSUMPTION. BUT SOME "RED STAR" TEA MAY BE ILLEGALLY AND INDIRECTLY EXPORTED TO THE U.S. THROUGH HONG KONG. THE OFFICIAL TEA IMPORT EXPORT CORPORATION, WHICH FULLY COOPERATED WITH OUR INVESTIGATION, DENIES ANY RELATIONSHIP WITH THE RED STAR TEA FARM OR ANY OTHER FORCED LABOR CAMP. REPORTS THAT "YINGDE" BRAND TEA IS MADE BY PRISONERS APPEARS TO BE A RESULT OF 1) CONFUSION OF EXPORT BRANDS WITH RED STAR TEA, WHICH IS ALSO PRODUCED IN YINGDE COUNTY, AND 2) LINGERING MEMORIES OF LARGE LABOR CAMPS IN THE YINGDE AREA DURING THE CULTURAL REVOLUTION ERA (1966-76). MOST TEA WORKERS IN THE AREA ARE NOW REFUGEES FROM VIETNAM WHO

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FARM LAND ASSIGNED TO THEM UNDER THE HOUSEHOLD CONTRACT SYSTEM. END SUMMARY.

"NO PRISON TEA IS EXPORTED"

2. HONG KONG SENIOR CUSTOMS REPRESENTATIVE THOMAS GRAY AND CONSULATE POLITICAL OFFICER GARY WILLIAMS VISITED THE YINGDE TEA GROWING REGION DECEMBER 20 AND 21 AT THE INVITATION OF THE GUANGDONG (PROVINCE) TEA BRANCH OF THE CHINA NATIONAL NATIVE PRODUCE AND ANIMAL BY-PRODUCTS IMPORT AND EXPORT CORPORATION (HEREAFTER REFERRED TO AS THE GUANGDONG TEA IMPORT EXPORT CORPORATION). AS DETAILED IN REF A, WILLIAMS MET WITH THE MANAGING DIRECTOR OF THIS ORGANIZATION, MU YOUNWEI, DECEMBER 13 TO DISCUSS REPORTS TEA DESTINED FOR EXPORT TO THE U.S. WAS BEING PRODUCED IN FORCED LABOR CAMPS IN YINGDE COUNTY. THE GUANGDONG TEA IMPORT EXPORT CORPORATION, WHICH APPEARS TO OPERATE INDEPENDENTLY OF ITS NATIONAL ORGANIZATION, EXPORTED 1241.34 TONS OF TEA (OVER 99 PERCENT IN BULK, I.E., LOOSE TEA IN LARGE BAGS 40 KG. OR MORE IN WEIGHT) TO THE U.S. IN 1990. THIS IS APPROXIMATELY FOUR PERCENT OF ITS TOTAL EXPORTS. SOME OF THIS TEA IS PACKAGED UNDER THE "YINGDE" BRAND NAME. DURING THE DECEMBER 13 MEETING, MR. MU INSISTED NO TEA EXPORTED BY HIS CORPORATION WAS GROWN OR PROCESSED BY PRISONERS IN YINGDE OR ANY OTHER AREA.

BUT SOME YINGDE AREA TEA IS PRODUCED BY PRISON LABOR
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3. ACCCOMPANIED BY YI XINXIAN, THE DEPUTY GENERAL MANAGER OF THE GUANGDONG TEA IMPORT EXPORT CORPORATION, GRAY AND WILLIAMS TRAVELED BY AUTO TRANSPORTATION TO YINGDE DECEMBER 20 AND SPENT THE DAY PRIMARILY VISITING THE YING HONG OVERSEAS CHINESE TEA FARM. THIS IS THE LARGEST TEA FARM IN THE AREA (PRODUCING AS MUCH TEA AS ALL THE OTHER FARMS COMBINED) AND THE MAIN SUPPLIER IN THE YINGDE AREA TO THE GUANGDONG TEA IMPORT EXPORT CORPORATION. DURING THE VISIT GRAY AND WILLIAMS WERE PERMITTED TO GO WHEREVER THEY ASKED AND TO TALK TO WHOMEVER THEY PLEASED. THE ONE EXCEPTION HAS NO VISIT

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P 240426Z DEC 91
FM AMCONSUL GUANGZHOU
TO SECSTATE WASHDC PRIORITY 3147
US CUSTOMS SERVICE PRIORITY
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E.O. 12356: N/A

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COULD BE ARRANGED TO THE RED STAR TEA FARM (HONG KING CHA CHANG). THE RED STAR TEA FARM HAS BEEN IDENTIFIED AS A FORCED LABOR CAMP. THIS HAS CONFIRMED BY SEVERAL INDIVIDUALS INTERVIEWED DURING THE VISIT. BUT NO LINK COULD BE ESTABLISHED BETWEEN THE RED STAR TEA FARM AND THE GUANGDONG TEA IMPORT EXPORT CORPORATION. ACCORDING TO LOCAL RESIDENTS, RED STAR TEA IS PRODUCED FOR DOMESTIC CONSUMPTION ONLY.

4. THE YING HONG OVERSEAS TEA FARM HAS FOUR PROCESSING BRANCHES: RED GUARD (HONG WEI), RED FLAG (HONG QI), RED BRIDGE (HONG QIAO), AND RED BEACON (HONG GUANG). THESE NAMES ARE SUGGESTIVE OF THE CULTURAL REVOLUTION ERA (1966-76) AND AT LEAST ONE LOCAL RESIDENT ADMITTED A LARGE NUMBER OF CHINESE YOUTH DURING THIS PERIOD WERE "SENT DOWN" TO YINGDE AND PERHAPS ORGANIZED INTO LABOR CAMP TYPE UNITS. WHEN THESE INDIVIDUALS WERE LATER ALLOWED TO LEAVE, IN THE MID OR LATE 70'S, THE EMPTY FARMS PROVIDED LAND FOR SETTLING REFUGEES FROM VIETNAM WHO ARRIVED AFTER 1979. MOST OF THE FARMERS AT THE YING HONG TEA FARM ARE VIETNAMESE REFUGEES.

AN IMPROMPTU CHAT WITH A LOCAL TEA FARMER

5. DURING A DRIVE THROUGH ONE OF THE TEA GROWING AREAS, GRAY ASKED THE VAN TO STOP SUDDENLY AND CARRIED

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ON A CONVERSATION (THROUGH A CONSULATE INTERPRETER)
WITH A RANDOMLY SELECTED FARMER TENDING HER TEA PLANTS.
CHEN ZHUYING IDENTIFIED HERSELF AS A FORMER RICE FARMER
FROM VIETNAM WHO HAD BEEN "GIVEN" TEN MU (ABOUT TWO

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THIRDS OF A HECTARE) ON WHICH TO GROW TEA. SHE SAID THE MOST RECENT HARVEST, BECAUSE OF DROUGHT CONDITIONS, HAD NOT BEEN GOOD, BUT OTHERWISE SHE AND HER HUSBAND WERE DOING WELL. SHE ALSO IDENTIFIED THE PROCESSING BRANCH WHERE SHE SOLD HER TEA (RED BRIDGE BRANCH OF THE YING HONG TEA FARM). SHE SEEMED NOT IN ANY WAY INTIMIDATED BY THE PRESENCE OF FOREIGN OFFICIALS OR LOCAL MANAGERS. HER SITUATION SEEMED NO DIFFERENT THAN THAT OF MOST FARMERS IN GUANGDONG PROVINCE (AND CHINA) WHO NOW CONTROL, IF NOT ACTUALLY OWN, THE LAND THEY WORK AND CAN DISPOSE, AFTER TAXES, OF THEIR PRODUCE AS THEY WISH THROUGH PARTICIPATION IN THE REFORM ERA HOUSEHOLD CONTRACT SYSTEM.

6. AT THE RED BRIDGE PROCESSING BRANCH, GRAY AND WILLIAMS SPOKE WITH SOME OF THE LOCAL STAFF, ONE OF WHOM DISMISSED THE RED STAR TEA FARM AS "A SMALL LABOR CAMP, NOT MUCH COMPETITION." EVERYONE ASKED ABOUT THE RED STAR TEA FARM SAID ESSENTIALLY THE SAME THING: IT WAS, INDEED, A FORCED LABOR CAMP BUT NOT A VERY LARGE TEA FARM -- AT LEAST, NOT ANYWHERE ON THE SCALE OF THE TWO LARGE FARMS WHICH ARE THE MAJOR SUPPLIERS IN THE AREA TO THE GUANGDONG TEA IMPORT EXPORT CORPORATION. THOSE TWO TEA FARMS WERE IDENTIFIED AS THE YING HONG TEA FARM AND THE YING HUA TEA FARM. SEVERAL SMALL FARMS WHICH ALSO SUPPLY TEA FOR EXPORT WERE ALSO MENTIONED: SHIHUI PU, DAWAN, HUANGSHI TANG, HUANG PUO,

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AND BAISHA.

7. ACCORDING TO THE YING HONG TEA FARM GENERAL MANAGER, LIU BINGREN, HIS FARM PRODUCED TWO THOUSAND TONS OF TEA THIS PAST YEAR, OF WHICH HALF WAS SOLD TO THE GUANGDONG TEA IMPORT EXPORT CORPORATION. IN PAST YEARS, HIS FARM HAS PRODUCED THREE TO FOUR TONS OF TEA AND SOLD AS MUCH AS TWO THOUSAND TONS FOR EXPORT. PRODUCTION WAS DOWN IN 1991 BECAUSE OF DROUGHT CONDITIONS. LIU SAID THE RED STAR TEA FARM PRODUCED, AT BEST, 100 TONS. HE SEEMED GENUINELY UPSET AND ANGRY WHEN TOLD THERE WERE REPORTS HIS FARM WAS A FORCED LABOR CAMP LIKE THE RED STAR TEA FARM. ACCORDING TO

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-----BABF6B 240437Z /38

P 240426Z DEC 91
FM AMCONSUL GUANGZHOU
TO SECSTATE WASHDC PRIORITY 3148
US CUSTOMS SERVICE PRIORITY
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DEPUTY GENERAL MANAGER YI, THE OTHER MAJOR SUPPLIER FOR EXPORT QUALITY TEA IN THE YINGDE AREA, THE YING HUA TEA FARM, PRODUCED AROUND 800 TONS OF TEA THIS PAST YEAR. MR. YI OFFERED TO TAKE HIS VISITORS TO THE YING HUA TEA FARM OR ANY OTHER TEA FARM IN THE AREA -- EXCEPT FOR THE RED STAR TEA FARM. HE SAID HE COULD NOT GET PERMISSION FOR FOREIGN OFFICIALS TO VISIT A FORCED

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LABOR CAMP.

8. ON DECEMBER 21, GRAY AND WILLIAMS RETURNED TO GUANGZHOU AND TOURED THE GUANGDONG TEA IMPORT EXPORT PROCESSING PLANT AND OBSERVED WHAT APPEARED TO BE A VERY RIGOROUS INVENTORY CONTROL OF INCOMING AND OUTGOING SHIPMENTS. TEA SHIPMENTS FROM FARMS AROUND GUANGDONG AND FROM OTHER PROVINCES (HAINAN, HUNAN, GUANGXI, YUNNAN, GUIZHOU, SICHUAN, JIANGSU, AND OTHERS) ARRIVE IN BULK FORM (40 KG. BAGS WHICH ARE TAGGED TO INDICATE THE NAME OF THE ORIGINATING FARM AND ITS LOCATION) AND ARE PROCESSED AND PACKAGED FOR EXPORT TO OTHER COUNTRIES IN RETAIL PACKAGES (WITH EITHER LOOSE TEA OR TEA BAGS) OR IN BULK (LOOSE TEA IN LARGE BAGS). SAMPLES OF PACKAGES OF EXPORT TEA WERE PROVIDED AND COMPARED WITH SAMPLES OF PACKAGES OF TEA SOLD IN THE YINGDE AREA FOR DOMESTIC CONSUMPTION. BOTH IN PACKAGING AND LABELING THE DIFFERENCES WERE OBVIOUS.

A CONFUSION OVER LABELS

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9. IT IS CLEAR HOW CONFUSION ABOUT LABOR CAMP TEA AND "YINGDE" BRAND TEA MIGHT EASILY OCCUR. TEA FROM THE RED STAR FARM IS SOLD IN SMALL, CLEAR, INFERIOR QUALITY PLASTIC BAGS AND THE TEA IS IN THE FORM OF COARSE, DRY LEAVES PACKED LOOSE (AS IS MOST TEA SOLD FOR DOMESTIC CONSUMPTION). BUT IN BLOCK ROMAN LETTERS, THE LABEL READS "YINGDE BLACK TEA." IN CHINESE, THE LABEL READS "YINGDE BLACK TEA; GUANGDONG PROVINCE RED STAR TEA FARM; DISTRIBUTOR ADDRESS: GUANGZHOU CITY WESTERN SUBURB NANJING ROAD NUMBER 14." THIS LATTER ADDRESS IS THE LOCATION OF A STORE IN A FACTORY COMPLEX IN GUANGZHOU IDENTIFIED BY THE CONSULATE LAST FEBRUARY AS A PRISON FACTORY PRODUCING SHOES FOR EXPORT (THROUGH HONG KONG) TO THE U.S. (SEE REF B). ACCORDING TO A HONG KONG NEWSPAPER (CITED IN REF A), THIS STORE SELLS A VARIETY OF GOODS FROM OTHER PRISONS/FORCED LABOR CAMPS AROUND CHINA. PERMISSION FOR CONSULATE EMPLOYEES TO VISIT THIS FACTORY HAS BEEN DENIED BY LOCAL OFFICIALS.

"YINGDE" BRAND TEA IS NOT PRODUCED BY PRISON LABOR

10. IN CONTRAST, "YINGDE" BRAND TEA SHIPPED BY THE GUANGDONG TEA IMPORT EXPORT CORPORATION IS PACKAGED, IN

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ONE SAMPLE, IN AN ATTRACTIVE BOX WITH AN ENGLISH LABEL
WHICH SAYS "YINGDE BLACK TEA" IN FANCY SCRIPT. IN
CHINESE, THE LABEL SAYS "YINGDE BLACK TEA; CHINA
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GUANGDONG PROVINCE YING HONG OVERSEAS CHINESE TEA FARM;
RED BRIDGE PROCESSING PLANT."

11. DURING THE TOUR OF THE GUANGZHOU PROCESSING PLANT,
GENERAL MANAGER MU MET WITH GRAY AND WILLIAMS AND ONCE
AGAIN INSISTED NO TEA EXPORTED BY HIS CORPORATION CAME
FROM PRISONS OR FORCED LABOR CAMPS. HE SAID HIS BUYERS
HAD VERY SPECIFIC INSTRUCTIONS CONCERNING THIS AND
UNDERSTOOD WELL THE EXPORT REGULATIONS AND THE U.S. LAW
ON THIS MATTER. HE PROMISED FUTURE COOPERATION IN
ARRANGING VISITS TO TEA FARMS SUPPLYING TEA FOR EXPORT

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-----BABF78 240437Z /38

P 240426Z DEC 91
FM AMCONSUL GUANGZHOU
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US CUSTOMS SERVICE PRIORITY
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SUBJECT: OUR INVESTIGATION INDICATES "YINGDE"

BY HIS COMPANY. HE SAID ANY TEA WHICH WAS PRODUCED BY A LABOR CAMP AND FOUND ITS WAY (THROUGH HONG KONG, FOR INSTANCE) TO THE UNITED STATES HAS BEEN EXPORTED ILLEGALLY AND, IN ANY CASE, NOT BY HIS ORGANIZATION.

WHY YINGDE MAY HAVE A REPUTATION FOR FORCED LABOR CAMPS

12. RED STAR TEA HAS MADE ITS WAY TO HONG KONG AND FROM THERE IT COULD CONCEIVABLY BE SHIPPED IN SMALL QUANTITIES TO THE U.S. BUT "YINGDE" BRAND TEA EXPORTED BY THE GUANGDONG TEA IMPORT EXPORT CORPORATION DOES NOT APPEAR TO BE "TAINTED" BY PRISON LABOR. GRAY IS GOING TO FORWARD SAMPLES OF PACKAGES TO CUSTOMS TO ALLOW DIFFERENTIATION BETWEEN LEGALLY EXPORTED TEA AND RED STAR TEA. REPORTS OF FORCED LABOR CAMP TEA PRODUCED FOR EXPORT AND GROWN IN THE YINGDE AREA APPEAR TO BE THE RESULT OF CONFUSION CAUSED BY SIMILARITIES IN LABELING (EVEN THOUGH PACKAGING AND DISTRIBUTION ARE QUITE DIFFERENT). REPORTS OF A NUMBER OF LARGE FORCED LABOR CAMPS PRODUCING TEA IN YINGDE DO NOT APPEAR TO HAVE ANY FOUNDATION BUT MAY BE BASED UPON MEMORIES OF CAMPS WHICH EXISTED TWENTY YEARS AGO AND WHICH NOW HAVE BEEN "PRIVATIZED" AND ARE CURRENTLY FARMED BY VIETNAMESE REFUGEES.

13. ANOTHER EXPLANATION OF REPORTS OF LABOR CAMPS IN
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YINGDE MAY BE THE FACT MOST VIETNAMESE REFUGEES WERE INITIALLY "CONFINED" TO RURAL AREAS. ALL RURAL INHABITANTS IN CHINA, OF COURSE, ARE "CONFINED" TO FARMING AREAS FOR LACK OF DOCUMENTS GRANTING PERMISSION TO LIVE IN THE CITIES. IN ECONOMICALLY FREE-WHEELING GUANGDONG PROVINCE, HOWEVER, THIS SYSTEM IS GRADUALLY BREAKING DOWN AS LARGE NUMBERS OF RURAL INHABITANTS FLOCK TO THE INDUSTRIAL AREAS ALONG THE COAST IN SEARCH OF HIGH-PAYING EMPLOYMENT. THE VIETNAMESE REFUGEES IN YINGDE APPEAR TO BE NO DIFFERENT THAN ANY OTHER RURAL FARMERS IN GUANGDONG PROVINCE.

THIS TIME WE RECEIVED FULL COOPERATION

14. THE CONSULATE HAS TRIED TO TRACK DOWN EVERY RUMOR OR REPORT OF PRISON LABOR PRODUCTS BEING MADE FOR EXPORT TO THE U.S. LOCAL OFFICIALS HAVE BEEN NO MORE HELPFUL IN GUANGDONG THAN IN ANY OTHER PROVINCE IN OBTAINING PERMISSION FOR CONSULATE OFFICIALS TO VISIT PRISONS OR FORCED LABOR CAMPS. FURTHERMORE, GUANGDONG PROVINCE IS POTTED WITH TEA FARMS AND SOME OF THEM, LIKE THE RED STAR TEA FARM, ARE FORCED LABOR CAMPS. THE POTENTIAL FOR SOME OF THIS TEA TO BE EXPORTED TO THE U.S. IS UNDENIABLE. NEVERTHELESS, WE ARE IMPRESSED BY THE LEVEL OF COOPERATION PROVIDED BY THE GUANGDONG TEA IMPORT EXPORT CORPORATION IN INVESTIGATING THE REPORTS ABOUT YINGDE. THIS CORPORATION IS A STATE ENTERPRISE WHICH, LIKE SO MANY IN GUANGDONG PROVINCE, HAS BEEN REORGANIZED IN RECENT YEARS TO OPERATE AS AN

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EFFICIENT MARKET ENTERPRISE, I.E., IT BUYS AND SELLS IN LOCAL AND INTERNATIONAL FREE MARKETS TO TURN A PROFIT. WHILE WE CANNOT GIVE THE CORPORATION A "CLEAN BILL OF HEALTH" WITHOUT VISITING EVERY SINGLE SUPPLIER ACROSS THE COUNTRY, WE DO HAVE ASSURANCES OF FUTURE ASSISTANCE WHEN WE REQUIRE IT. LACK OF SUCH ASSISTANCE, OF COURSE, COULD HAVE THE MOST DIRE CONSEQUENCES FOR THE GUANGDONG TEA EXPORT BUSINESS AND THE CORPORATION'S MANAGEMENT UNDERSTANDS THIS.

HARTER

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